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PRESS RELEASE

Romania aligns with international standards on derivatives

Starting this year, Romanian financial institutions conducting derivative transactions have a standardized contractual documentation, aligned with international practices and adapted to Romanian legislation. This initiative, successfully completed by ACI Romania – Asociatia Pietelor Financiare (Financial Markets Association), with support from Clifford Chance Badea, continues the improvement and development efforts of the Romanian financial market.

"We are confident that the existence of this standardised contractual framework will contribute to the development of derivative and repo transactions between local banks, as well as between such banks and their clients, for a better management of liquidity and market risks (foreign exchange risk and interest rate risk). At the same time, we comply with the European regulatory requirement to reduce counterparty risks by collateralizing exposures from derivative transactions," Victor Andrei, President of ACI Romania, explained.

"Together with the Clifford Chance Badea team we ensured the drafting of a master agreement which complies with the international standards promoted by the International Capital Market Association (ICMA), International Securities Market Association (ISMA) and International Swaps and Derivatives Association, Inc. (ISDA)," Andrei stated. "I would like to mention that ISDA – a globally reputed institution in the field of derivatives – has granted ACI Romania the copyright for the documents necessary in conducting derivative transactions, such documents being now available, free of charge, to all local banks," Marius Stoica, member of the Board of Directors of ACI Romania, mentioned.

Therefore, the new master agreements for derivative transactions (swap, forward, FX and interest rate options, etc.) allow Romanian financial institutions to use internationally recognised templates for transactions between residents, adapted at the same time to Romanian legislation.



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Cosmin Anghel, Counsel with Clifford Chance Badea and coordinator of the project team also added: "Initially, we drafted the Romanian version Global Master Repurchase Agreement (GMRA) for repo transactions, with governmental bonds. We have now supplemented the existing documentation with a master agreement for derivative transactions, based on the ISDA standard documentation. Another novelty is that financial institutions may now use a collateral arrangement (annex to the master agreement), also based on the ISDA standard documentation, that has been aligned with the most recent European legislative amendments from March 2017, and also with the Romanian legislation, being drafted in accordance with Government Emergency Ordinance 9/2004 on certain financial collateral arrangements."

About ACI Romania - Asociatia Pietelor Financiare (Financial Markets Association)

ACI Romania – Asociatia Pietelor Financiare (Financial Market Association) is a non-profit trade association representing the interests of professional bankers in the field of financial markets, focused on enhancing standards of ethics and competence specific to this profession. In the 23 years since its establishment, ACI Romania has developed a series of projects designed to develop and adapt the Romanian financial and banking market to global standards – among these the publication of the translation of the Code of Conduct for Arbitrators and the support of professional ethics approaches within treasury offices of banks. It is also worth mentioning the collaboration of ACI Romania with regulatory institutions for the drafting of regulations concerning the monetary and foreign exchange markets in Romania, the association being the initiator of the projects for the implementation of the calculation and daily publication of the reference interest rates for the money market (Robid/Robor) and the reference prices for governmental bonds. Recently, ACI Romania has welcomed the publication of the Global Code of Conduct for Foreign Exchange, encouraging its members to join in. Internationally, ACI - Financial Markets Association is an association represented in 63 countries, with over 9,000 members.

About Clifford Chance Badea

The Banking & Finance and Capital Markets practice in Bucharest is fully integrated in the global Clifford Chance network and ranks first (Band 1) among law firms in Romania, according to Legal500, Chambers Global and IFLR1000.

The team is constantly involved in complex syndicated loans, finance deals, restructurings, euro-bonds and shares issuances on international capital markets, as well as derivative



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instruments. The firm also participates in consultations and projects aimed at drafting and aligning local legislation to the best international practices.

One of its most notable projects is the framework program for governmental euro-bonds – the Euro Medium Term Notes program (EMTN), launched in 2011. The Clifford Chance lawyers worked on the drafting of initial documentation, as well as on the first prospectuses.

Among the most recent projects, is the new Covered Bonds Law that came into effect in 2016, as a result of several years of consultations and intense work between authorities and banks assisted by Clifford Chance Badea lawyers.

Should you need any additional information regarding this press release, please contact:

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